

112TH CONGRESS  
1ST SESSION

# H. R. 1309

To extend the authorization of the national flood insurance program, to achieve reforms to improve the financial integrity and stability of the program, and to increase the role of private markets in the management of flood insurance risk, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

APRIL 1, 2011

Mrs. BIGGERT (for herself, Ms. WATERS, Mr. DOLD, Mr. GARRETT, Mr. STIVERS, and Mrs. CAPITO) introduced the following bill; which was referred to the Committee on Financial Services

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## A BILL

To extend the authorization of the national flood insurance program, to achieve reforms to improve the financial integrity and stability of the program, and to increase the role of private markets in the management of flood insurance risk, and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Flood Insurance Re-  
5       form Act of 2011”.

1 **SEC. 2. EXTENSIONS.**

2 (a) EXTENSION OF PROGRAM.—Section 1319 of the  
3 National Flood Insurance Act of 1968 (42 U.S.C. 4026)  
4 is amended by striking “September 30, 2011” and insert-  
5 ing “September 30, 2016”.

6 (b) EXTENSION OF FINANCING.—Section 1309(a) of  
7 such Act (42 U.S.C. 4016(a)) is amended by striking  
8 “September 30, 2011” and inserting “September 30,  
9 2016”.

10 **SEC. 3. MANDATORY PURCHASE.**

11 (a) AUTHORITY TO TEMPORARILY SUSPEND MANDA-  
12 TORY PURCHASE REQUIREMENT.—

13 (1) IN GENERAL.—Section 102 of the Flood  
14 Disaster Protection Act of 1973 (42 U.S.C. 4012a)  
15 is amended by adding at the end the following new  
16 subsections:

17 “(i) AUTHORITY TO TEMPORARILY SUSPEND MAN-  
18 DATORY PURCHASE REQUIREMENT.—

19 “(1) FINDING BY ADMINISTRATOR THAT AREA  
20 IS AN ELIGIBLE AREA.—For any area, upon a re-  
21 quest submitted to the Administrator by a local gov-  
22 ernment authority having jurisdiction over any por-  
23 tion of the area, the Administrator shall make a  
24 finding of whether the area is an eligible area under  
25 paragraph (3). If the Administrator finds that such  
26 area is an eligible area, the Administrator shall, in

1 the discretion of the Administrator, designate a pe-  
2 riod during which such finding shall be effective,  
3 which shall not be longer in duration than 12  
4 months.

5 “(2) SUSPENSION OF MANDATORY PURCHASE  
6 REQUIREMENT.—If the Administrator makes a find-  
7 ing under paragraph (1) that an area is an eligible  
8 area under paragraph (3), during the period speci-  
9 fied in the finding, the designation of such eligible  
10 area as an area having special flood hazards shall  
11 not be effective for purposes of subsection (a), (b),  
12 and (e) of this section, and section 202(a) of this  
13 Act. Nothing in this paragraph may be construed to  
14 prevent any lender, servicer, regulated lending insti-  
15 tution, Federal agency lender, the Federal National  
16 Mortgage Association, or the Federal Home Loan  
17 Mortgage Corporation, at the discretion of such enti-  
18 ty, from requiring the purchase of flood insurance  
19 coverage in connection with the making, increasing,  
20 extending, or renewing of a loan secured by im-  
21 proved real estate or a mobile home located or to be  
22 located in such eligible area during such period or  
23 a lender or servicer from purchasing coverage on be-  
24 half of a borrower pursuant to subsection (e).

1           “(3) ELIGIBLE AREAS.—An eligible area under  
2           this paragraph is an area that is designated or will,  
3           pursuant to any issuance, revision, updating, or  
4           other change in flood insurance maps that takes ef-  
5           fect on or after the date of the enactment of the  
6           Flood Insurance Reform Act of 2011, become des-  
7           ignated as an area having special flood hazards and  
8           that meets any one of the following 3 requirements:

9                   “(A) AREAS WITH NO HISTORY OF SPE-  
10                  CIAL FLOOD HAZARDS.—The area does not in-  
11                  clude any area that has ever previously been  
12                  designated as an area having special flood haz-  
13                  ards.

14                  “(B) AREAS WITH FLOOD PROTECTION  
15                  SYSTEMS UNDER IMPROVEMENTS.—The area  
16                  was intended to be protected by a flood protec-  
17                  tion system—

18                       “(i) that has been decertified as pro-  
19                       viding protection for the 100-year fre-  
20                       quency flood standard;

21                       “(ii) that is being improved, con-  
22                       structed, or reconstructed; and

23                       “(iii) for which the Administrator has  
24                       determined measurable progress toward  
25                       completion of such improvement, construc-

1                   tion, reconstruction is being made and to-  
2                   ward securing financial commitments suffi-  
3                   cient to fund such completion.

4                   “(C) AREAS FOR WHICH APPEAL HAS  
5                   BEEN FILED.—An area for which a community  
6                   has appealed—

7                   “(i) designation of the area as having  
8                   special flood hazards in a timely manner  
9                   under section 1363; or

10                  “(ii) any decertification or  
11                  deaccreditation of a dam, levee, or other  
12                  flood protection system or the level of pro-  
13                  tection afforded by a dam, levee, or sys-  
14                  tem.

15                  “(4) EXTENSION OF DELAY.—Upon a request  
16                  submitted by a local government authority having  
17                  jurisdiction over any portion of the eligible area, the  
18                  Administrator may extend the period during which a  
19                  finding under paragraph (1) shall be effective, ex-  
20                  cept that—

21                  “(A) each such extension under this para-  
22                  graph shall not be for a period exceeding 12  
23                  months; and

24                  “(B) for any area, the cumulative number  
25                  of such extensions may not exceed 2.

1           “(5) RULE OF CONSTRUCTION.—Nothing in  
2           this subsection may be construed to affect the appli-  
3           cability of a designation of any area as an area hav-  
4           ing special flood hazards for purposes of the avail-  
5           ability of flood insurance coverage, criteria for land  
6           management and use, notification of flood hazards,  
7           eligibility for mitigation assistance, or any other pur-  
8           pose or provision not specifically referred to in para-  
9           graph (2).

10           “(6) REPORTS.—The Administrator shall, in  
11           each annual report submitted pursuant to section  
12           1320, include information identifying each finding  
13           under paragraph (1) by the Administrator during  
14           the preceding year that an area is an area having  
15           special flood hazards, the basis for each such find-  
16           ing, any extensions pursuant to paragraph (4) of the  
17           periods of effectiveness of such findings, and the  
18           reasons for such extensions.”.

19           (2) NO REFUNDS.—Nothing in this subsection  
20           or the amendments made by this subsection may be  
21           construed to authorize or require any payment or re-  
22           fund for flood insurance coverage purchased for any  
23           property that covered any period during which such  
24           coverage is not required for the property pursuant to

1 the applicability of the amendment made by para-  
2 graph (1).

3 (b) TERMINATION OF FORCE-PLACED INSURANCE.—  
4 Section 102(e) of the Flood Disaster Protection Act of  
5 1973 (42 U.S.C. 4012a(e)) is amended—

6 (1) by redesignating paragraphs (3) and (4) as  
7 paragraphs (5) and 6), respectively; and

8 (2) by adding inserting after paragraph (2) the  
9 following new paragraphs:

10 “(3) TERMINATION OF FORCE-PLACED INSUR-  
11 ANCE.—Within 30 days of receipt by the lender or  
12 servicer of a confirmation of a borrower’s existing  
13 flood insurance coverage, the lender or servicer  
14 shall—

15 “(A) terminate the force-placed insurance;  
16 and

17 “(B) refund to the borrower all force-  
18 placed insurance premiums paid by the bor-  
19 rower during any period during which the bor-  
20 rower’s flood insurance coverage and the force-  
21 placed flood insurance coverage were each in ef-  
22 fect, and any related fees charged to the bor-  
23 rower with respect to the force-placed insurance  
24 during such period.

1           “(4) SUFFICIENCY OF DEMONSTRATION.—For  
 2           purposes of confirming a borrower’s existing flood  
 3           insurance coverage, a lender or servicer for a loan  
 4           shall accept from the borrower an insurance policy  
 5           declarations page that includes the existing flood in-  
 6           surance policy number and the identity of, and con-  
 7           tact information for, the insurance company or  
 8           agent.”.

9   **SEC. 4. REFORMS OF COVERAGE TERMS.**

10          (a) MINIMUM DEDUCTIBLES FOR CLAIMS.—Section  
 11   1312 of the National Flood Insurance Act of 1968 (42  
 12   U.S.C. 4019) is amended—

13               (1) by striking “The Director is” and inserting  
 14               the following: “(a) IN GENERAL.—The Adminis-  
 15               trator is”; and

16               (2) by adding at the end the following:

17               “(b) MINIMUM ANNUAL DEDUCTIBLES.—

18                       “(1) SUBSIDIZED RATE PROPERTIES.—For any  
 19               structure that is covered by flood insurance under  
 20               this title, and for which the chargeable rate for such  
 21               coverage is less than the applicable estimated risk  
 22               premium rate under section 1307(a)(1) for the area  
 23               (or subdivision thereof) in which such structure is  
 24               located, the minimum annual deductible for damage  
 25               to or loss of such structure shall be \$2,000.



1           “(2) ACTUARIAL RATE PROPERTIES.—For any  
2           structure that is covered by flood insurance under  
3           this title, for which the chargeable rate for such cov-  
4           erage is not less than the applicable estimated risk  
5           premium rate under section 1307(a)(1) for the area  
6           (or subdivision thereof) in which such structure is  
7           located, the minimum annual deductible for damage  
8           to or loss of such structure shall be \$1,000.”.

9           (b) INDEXING OF MAXIMUM COVERAGE LIMITS.—  
10          Subsection (b) of section 1306 of the National Flood In-  
11          surance Act of 1968 (42 U.S.C. 4013(b)) is amended—

12                 (1) in paragraph (4), by striking “and” at the  
13          end;

14                 (2) in paragraph (5), by striking the period at  
15          the end and inserting “; and”;

16                 (3) by redesignating paragraph (5) as para-  
17          graph (7); and

18                 (4) by adding at the end the following new  
19          paragraph:

20                 “(8) each of the dollar amount limitations  
21          under paragraphs (2), (3), (4), (5), and (6) shall be  
22          adjusted effective January 1 of each year (com-  
23          mencing in 2012), such adjustments shall be cal-  
24          culated using the percentage change in such infla-  
25          tionary index as the Administrator shall, by regula-

1       tion, specify, and the dollar amount of any such ad-  
2       justment shall be rounded to the next lower dollar;  
3       and the Administrator shall cause to be published in  
4       the Federal Register any adjustments under this  
5       paragraph to such dollar amount limitations.”.

6       (c) OPTIONAL COVERAGE FOR LOSS OF USE OF PER-  
7       SONAL RESIDENCE AND BUSINESS INTERRUPTION.—Sub-  
8       section (b) of section 1306 of the National Flood Insur-  
9       ance Act of 1968 (42 U.S.C. 4013(b)), as amended by  
10      the preceding provisions of this section, is further amend-  
11      ed by inserting after paragraph (4) the following new  
12      paragraphs:

13               “(5) the Administrator may provide that, in the  
14      case of any residential property, each renewal or new  
15      contract for flood insurance coverage may provide  
16      not more than \$5,000 aggregate liability per dwell-  
17      ing unit for any necessary increases in living ex-  
18      penses incurred by the insured when losses from a  
19      flood make the residence unfit to live in, except  
20      that—

21               “(A) purchase of such coverage shall be at  
22      the option of the insured;

23               “(B) any such coverage shall be made  
24      available only at chargeable rates that are not  
25      less than the estimated premium rates for such

1 coverage determined in accordance with section  
2 1307(a)(1); and

3 “(C) the Administrator may make such  
4 coverage available only if the Administrator  
5 makes a determination and causes notice of  
6 such determination to be published in the Fed-  
7 eral Register that—

8 “(i) a competitive private insurance  
9 market for such coverage does not exist;  
10 and

11 “(ii) the national flood insurance pro-  
12 gram has the capacity to make such cov-  
13 erage available without borrowing funds  
14 from the Secretary of the Treasury under  
15 section 1309 or otherwise;

16 “(6) the Administrator may provide that, in the  
17 case of any commercial property or other residential  
18 property, including multifamily rental property, cov-  
19 erage for losses resulting from any partial or total  
20 interruption of the insured’s business caused by  
21 damage to, or loss of, such property from a flood  
22 may be made available to every insured upon re-  
23 newal and every applicant, up to a total amount of  
24 \$20,000 per property, except that—

1           “(A) purchase of such coverage shall be at  
2           the option of the insured;

3           “(B) any such coverage shall be made  
4           available only at chargeable rates that are not  
5           less than the estimated premium rates for such  
6           coverage determined in accordance with section  
7           1307(a)(1); and

8           “(C) the Administrator may make such  
9           coverage available only if the Administrator  
10          makes a determination and causes notice of  
11          such determination to be published in the Fed-  
12          eral Register that—

13               “(i) a competitive private insurance  
14               market for such coverage does not exist;  
15               and

16               “(ii) the national flood insurance pro-  
17               gram has the capacity to make such cov-  
18               erage available without borrowing funds  
19               from the Secretary of the Treasury under  
20               section 1309 or otherwise;”.

21          (d) PAYMENT OF PREMIUMS IN INSTALLMENTS FOR  
22          RESIDENTIAL PROPERTIES.—Section 1306 of the Na-  
23          tional Flood Insurance Act of 1968 (42 U.S.C. 4013) is  
24          amended by adding at the end the following new sub-  
25          section:

1       “(d) PAYMENT OF PREMIUMS IN INSTALLMENTS FOR  
2 RESIDENTIAL PROPERTIES.—

3               “(1) AUTHORITY.—In addition to any other  
4 terms and conditions under subsection (a), such reg-  
5 ulations shall provide that, in the case of any resi-  
6 dential property, premiums for flood insurance cov-  
7 erage made available under this title for such prop-  
8 erty may be paid in quarterly installments.

9               “(2) LIMITATIONS.—In implementing the au-  
10 thority under paragraph (1), the Administrator may  
11 establish increased chargeable premium rates and  
12 surcharges, and deny coverage and establish such  
13 other sanctions, as the Administrator considers nec-  
14 essary to ensure that insureds purchase, pay for,  
15 and maintain coverage for the full term of a contract  
16 for flood insurance coverage and to prevent insureds  
17 from purchasing coverage only for periods during a  
18 year when risk of flooding is comparatively higher or  
19 canceling coverage for periods when such risk is  
20 comparatively lower.”.

21 **SEC. 5. REFORMS OF PREMIUM RATES.**

22       (a) INCREASE IN ANNUAL LIMITATION ON PREMIUM  
23 INCREASES.—Section 1308(e) of the National Flood In-  
24 surance Act of 1968 (42 U.S.C. 4015(e)) is amended by  
25 striking “10 percent” and inserting “20 percent”.

1 (b) PHASE-IN OF RATES FOR NEWLY MAPPED  
2 AREAS.—

3 (1) IN GENERAL.—Section 1308 of the Na-  
4 tional Flood Insurance Act of 1968 (42 U.S.C.  
5 4015) is amended—

6 (A) in subsection (a), in the matter pre-  
7 ceding paragraph (1), by inserting “or notice”  
8 after “prescribe by regulation”;

9 (B) in subsection (c), by inserting “and  
10 subsection (g)” before the first comma; and

11 (C) by adding at the end the following new  
12 subsection:

13 “(g) 5-YEAR PHASE-IN OF FLOOD INSURANCE  
14 RATES FOR NEWLY MAPPED AREAS.—

15 “(1) 50 PERCENT RATE FOR INITIAL YEAR.—  
16 Notwithstanding subsection (c) or any other provi-  
17 sion of law relating to chargeable risk premium rates  
18 for flood insurance coverage under this title, in the  
19 case of any area that was not previously designated  
20 as an area having special flood hazards and that,  
21 pursuant to any issuance, revision, updating, or  
22 other change in flood insurance maps, becomes des-  
23 ignated as such an area, during the 12-month period  
24 that begins upon the date that such maps, as issued,  
25 revised, update, or otherwise changed, become effec-

1       tive, the chargeable premium rate for flood insur-  
2       ance under this title with respect to any property  
3       that is located within such area shall be 50 percent  
4       of the chargeable risk premium rate otherwise appli-  
5       cable under this title to the property.

6               “(2) PHASE-IN OF FULL ACTUARIAL RATES.—  
7       With respect to any area described in paragraph (1),  
8       upon the expiration of the 12-month period under  
9       paragraph (1) for such area, the Administrator shall  
10      increase the chargeable risk premium rates for flood  
11      insurance under this title for properties in such area  
12      by 20 percent, and by 20 percent upon the expira-  
13      tion of each successive 12-month period thereafter  
14      until the chargeable risk premium rates comply with  
15      subsection (c).”.

16              (2) REGULATION OR NOTICE.—The Adminis-  
17      trator of the Federal Emergency Management Agen-  
18      cy shall issue an interim final rule or notice to im-  
19      plement this subsection and the amendments made  
20      by this subsection as soon as practicable after the  
21      date of the enactment of this Act.

22              (c) PHASE-IN OF ACTUARIAL RATES FOR CERTAIN  
23      PROPERTIES.—

1           (1) IN GENERAL.—Section 1308(c) of the Na-  
2           tional Flood Insurance Act of 1968 (42 U.S.C.  
3           4015(c)) is amended—

4                   (A) by redesignating paragraph (2) as  
5           paragraph (7); and

6                   (B) by inserting after paragraph (1) the  
7           following new paragraphs:

8           “(2) COMMERCIAL PROPERTIES.—Any nonresi-  
9           dential property.

10           “(3) SECOND HOMES AND VACATION HOMES.—  
11           Any residential property that is not the primary res-  
12           idence of any individual.

13           “(4) HOMES SOLD TO NEW OWNERS.—Any sin-  
14           gle family property that—

15                   “(A) has been constructed or substantially  
16           improved and for which such construction or  
17           improvement was started, as determined by the  
18           Administrator, before December 31, 1974, or  
19           before the effective date of the initial rate map  
20           published by the Administrator under para-  
21           graph (2) of section 1360(a) for the area in  
22           which such property is located, whichever is  
23           later; and

24                   “(B) is purchased after the effective date  
25           of this paragraph, pursuant to section



1           5(c)(3)(A) of the Flood Insurance Reform Act  
2           of 2011.

3           “(5) HOMES DAMAGED OR IMPROVED.—Any  
4           property that, on or after the date of the enactment  
5           of the Flood Insurance Reform Act of 2011, has ex-  
6           perienced or sustained—

7                   “(A) substantial damage exceeding 50 per-  
8                   cent of the fair market value of such property;  
9                   or

10                   “(B) substantial improvement exceeding  
11                   30 percent of the fair market value of such  
12                   property.

13           “(6) HOMES WITH MULTIPLE CLAIMS.—Any se-  
14           vere repetitive loss property (as such term is defined  
15           in section 1361A(b)).”.

16           (2) TECHNICAL AMENDMENTS.—Section 1308  
17           of the National Flood Insurance Act of 1968 (42  
18           U.S.C. 4015) is amended—

19                   (A) in subsection (c)—

20                           (i) in the matter preceding paragraph  
21                           (1), by striking “the limitations provided  
22                           under paragraphs (1) and (2)” and insert-  
23                           ing “subsection (e)”; and

1 (ii) in paragraph (1), by striking “,  
2 except” and all that follows through “sub-  
3 section (e)”;

4 (B) in subsection (e), by striking “para-  
5 graph (2) or (3)” and inserting “paragraph  
6 (7)”.

7 (3) EFFECTIVE DATE AND TRANSITION.—

8 (A) EFFECTIVE DATE.—The amendments  
9 made by paragraphs (1) and (2) shall apply be-  
10 ginning upon the expiration of the 12-month  
11 period that begins on the date of the enactment  
12 of this Act, except as provided in subparagraph  
13 (B) of this paragraph.

14 (B) TRANSITION FOR PROPERTIES COV-  
15 ERED BY FLOOD INSURANCE UPON EFFECTIVE  
16 DATE.—

17 (i) INCREASE OF RATES OVER TIME.—

18 In the case of any property described in  
19 paragraph (2), (3), (4), (5), or (6) of sec-  
20 tion 1308(c) of the National Flood Insur-  
21 ance Act of 1968, as amended by para-  
22 graph (1) of this subsection, that, as of the  
23 effective date under subparagraph (A) of  
24 this paragraph, is covered under a policy  
25 for flood insurance made available under

1 the national flood insurance program for  
2 which the chargeable premium rates are  
3 less than the applicable estimated risk pre-  
4 mium rate under section 1307(a)(1) of  
5 such Act for the area in which the prop-  
6 erty is located, the Administrator of the  
7 Federal Emergency Management Agency  
8 shall increase the chargeable premium  
9 rates for such property over time to such  
10 applicable estimated risk premium rate  
11 under section 1307(a)(1).

12 (ii) AMOUNT OF ANNUAL INCREASE.—

13 Such increase shall be made by increasing  
14 the chargeable premium rates for the prop-  
15 erty (after application of any increase in  
16 the premium rates otherwise applicable to  
17 such property), once during the 12-month  
18 period that begins upon the effective date  
19 under subparagraph (A) of this paragraph  
20 and once every 12 months thereafter until  
21 such increase is accomplished, by 20 per-  
22 cent (or such lesser amount as may be nec-  
23 essary so that the chargeable rate does not  
24 exceed such applicable estimated risk pre-  
25 mium rate or to comply with clause (iii)).

1 (iii) PROPERTIES SUBJECT TO PHASE-  
2 IN AND ANNUAL INCREASES.—In the case  
3 of any pre-FIRM property (as such term is  
4 defined in section 578(b) of the National  
5 Flood Insurance Reform Act of 1974), the  
6 aggregate increase, during any 12-month  
7 period, in the chargeable premium rate for  
8 the property that is attributable to this  
9 subparagraph or to an increase described  
10 in section 1308(e) of the National Flood  
11 Insurance Act of 1968 may not exceed 20  
12 percent.

13 (iv) FULL ACTUARIAL RATES.—The  
14 provisions of paragraphs (2), (3), (4), (5),  
15 and (6) of such section 1308(c) shall apply  
16 to such a property upon the accomplish-  
17 ment of the increase under this subpara-  
18 graph and thereafter.

19 (d) PROHIBITION OF EXTENSION OF SUBSIDIZED  
20 RATES TO LAPSED POLICIES.—Section 1308 of the Na-  
21 tional Flood Insurance Act of 1968 (42 U.S.C. 4015), as  
22 amended by the preceding provisions of this Act, is further  
23 amended—

24 (1) in subsection (e), by inserting “or sub-  
25 section (h)” after “subsection (c)”;

1           (2) by adding at the end the following new sub-  
2       section:

3       “(h) PROHIBITION OF EXTENSION OF SUBSIDIZED  
4 RATES TO LAPSED POLICIES.—Notwithstanding any  
5 other provision of law relating to chargeable risk premium  
6 rates for flood insurance coverage under this title, the Ad-  
7 ministrator shall not provide flood insurance coverage  
8 under this title for any property for which a policy for  
9 such coverage for the property has previously lapsed in  
10 coverage as a result of the deliberate choice of the holder  
11 of such policy, at a rate less than the applicable estimated  
12 risk premium rates for the area (or subdivision thereof)  
13 in which such property is located.”.

14       (e) RECOGNITION OF STATE AND LOCAL FUNDING  
15 FOR CONSTRUCTION, RECONSTRUCTION, AND IMPROVE-  
16 MENT OF FLOOD PROTECTION SYSTEMS IN DETERMINA-  
17 TION OF RATES.—

18       (1) IN GENERAL.—Section 1307 of the Na-  
19 tional Flood Insurance Act of 1968 (42 U.S.C.  
20 4014) is amended—

21           (A) in subsection (e)—

22               (i) in the first sentence, by striking  
23               “construction of a flood protection system”  
24               and inserting “construction, reconstruc-  
25               tion, or improvement of a flood protection

1 system (without respect to the level of Fed-  
2 eral investment or participation)”; and

3 (ii) in the second sentence—

4 (I) by striking “construction of a  
5 flood protection system” and inserting  
6 “construction, reconstruction, or im-  
7 provement of a flood protection sys-  
8 tem”; and

9 (II) by inserting “based on the  
10 present value of the completed sys-  
11 tem” after “has been expended”; and

12 (B) in subsection (f)—

13 (i) in the first sentence in the matter  
14 preceding paragraph (1), by inserting  
15 “(without respect to the level of Federal  
16 investment or participation)” before the  
17 period at the end;

18 (ii) in the third sentence in the matter  
19 preceding paragraph (1), by inserting “,  
20 whether coastal or riverine,” after “special  
21 flood hazard”; and

22 (iii) in paragraph (1), by striking “a  
23 Federal agency in consultation with the  
24 local project sponsor” and inserting “the

1                   entity or entities that own, operate, main-  
2                   tain, or repair such system”.

3                   (2) REGULATIONS.—The Administrator of the  
4                   Federal Emergency Management Agency shall pro-  
5                   mulgate regulations to implement this subsection  
6                   and the amendments made by this subsection as  
7                   soon as practicable, but not more than 18 months  
8                   after the date of the enactment of this Act. Para-  
9                   graph (3) may not be construed to annul, alter, af-  
10                  fect, authorize any waiver of, or establish any excep-  
11                  tion to, the requirement under the preceding sen-  
12                  tence.

13 **SEC. 6. TECHNICAL MAPPING ADVISORY COUNCIL.**

14                  (a) ESTABLISHMENT.—There is established a council  
15                  to be known as the Technical Mapping Advisory Council  
16                  (in this section referred to as the “Council”).

17                  (b) MEMBERSHIP.—

18                         (1) IN GENERAL.—The Council shall consist  
19                         of—

20                                 (A) the Administrator of the Federal  
21                                 Emergency Management Agency (in this section  
22                                 referred to as the “Administrator”), or the des-  
23                                 ignee thereof;

1 (B) the Director of the United States Geo-  
2 logical Survey of the Department of the Inte-  
3 rior, or the designee thereof;

4 (C) the Under Secretary of Commerce for  
5 Oceans and Atmosphere, or the designee there-  
6 of;

7 (D) the commanding officer of the United  
8 States Army Corps of Engineers, or the des-  
9 ignee thereof;

10 (E) the chief of the Natural Resources  
11 Conservation Service of the Department of Ag-  
12 riculture, or the designee thereof;

13 (F) the Director of the United States Fish  
14 and Wildlife Service of the Department of the  
15 Interior, or the designee thereof;

16 (G) the Assistant Administrator for Fish-  
17 eries of the National Oceanic and Atmospheric  
18 Administration of the Department of Com-  
19 merce, or the designee thereof; and

20 (H) 9 additional members to be appointed  
21 by the Administrator of the Federal Emergency  
22 Management Agency, who shall be—

23 (i) an expert in data management;

24 (ii) an expert in real estate;

25 (iii) an expert in insurance;



1 (iv) a member of a recognized regional  
2 flood and storm water management organi-  
3 zation;

4 (v) a representative of a State emer-  
5 gency management agency or association  
6 or organization for such agencies;

7 (vi) a member of a recognized profes-  
8 sional surveying association or organiza-  
9 tion;

10 (vii) a member of a recognized profes-  
11 sional mapping association or organization;

12 (viii) a member of a recognized pro-  
13 fessional engineering association or organi-  
14 zation; and

15 (ix) a member of a recognized profes-  
16 sional association or organization rep-  
17 resenting flood hazard determination firms.

18 (2) QUALIFICATIONS.—Members of the Council  
19 shall be appointed based on their demonstrated  
20 knowledge and competence regarding surveying, car-  
21 tography, remote sensing, geographic information  
22 systems, or the technical aspects of preparing and  
23 using flood insurance rate maps. In appointing  
24 members under paragraph (1)(I), the Administrator  
25 shall ensure that the membership of the Council has

1 a balance of Federal, State, local, and private mem-  
2 bers.

3 (c) DUTIES.—

4 (1) NEW MAPPING STANDARDS.—Not later than  
5 the expiration of the 12-month period beginning  
6 upon the date of the enactment of this Act, the  
7 Council shall develop and submit to the Adminis-  
8 trator and the Congress proposed new mapping  
9 standards for 100-year flood insurance rate maps  
10 used under the national flood insurance program  
11 under the National Flood Insurance Act of 1968. In  
12 developing such proposed standards the Council  
13 shall—

14 (A) ensure that the flood insurance rate  
15 maps reflect true risk, including graduated risk  
16 that better reflects risk to each property; such  
17 reflection of risk should be at the smallest geo-  
18 graphic level possible (but not necessarily prop-  
19 erty-by-property) to ensure that communities  
20 are mapped in a manner that takes into consid-  
21 eration different risk levels within the commu-  
22 nity;

23 (B) ensure that flood insurance rate maps  
24 reflect current land use and topography and in-

1 corporate the most current and accurate ground  
2 elevation data;

3 (C) determine the best ways to include in  
4 such flood insurance rate maps levees, decerti-  
5 fied levees, and areas located below dams, in-  
6 cluding determining a methodology for ensuring  
7 that decertified levees and other protections are  
8 included in flood insurance rate maps and their  
9 corresponding flood zones reflect the level of  
10 protection conferred;

11 (D) consider how to incorporate restored  
12 wetlands and other natural buffers into flood  
13 insurance rate maps, which may include wet-  
14 lands, groundwater recharge areas, erosion  
15 zones, meander belts, endangered species habi-  
16 tat, barrier islands and shoreline buffer fea-  
17 tures, riparian forests, and other features;

18 (E) ensure that flood insurance rate maps  
19 take into consideration the best scientific data  
20 and potential future conditions (including pro-  
21 jections for sea level rise); and

22 (F) consider how to incorporate the new  
23 standards proposed pursuant to this paragraph  
24 in existing mapping efforts.

1           (2) ONGOING DUTIES.—The Council shall, on  
2           an ongoing basis, review the mapping protocols de-  
3           veloped pursuant to paragraph (1), and make rec-  
4           ommendations to the Administrator when the Coun-  
5           cil determines that mapping protocols should be al-  
6           tered.

7           (3) MEETINGS.—In carrying out its duties  
8           under this section, the Council shall consult with  
9           stakeholders through at least 4 public meetings an-  
10          nually, and shall seek input of all stakeholder inter-  
11          ests including State and local representatives, envi-  
12          ronmental and conservation organizations, insurance  
13          industry representatives, advocacy groups, planning  
14          organizations, and mapping organizations.

15          (d) PROHIBITION ON COMPENSATION.—Members of  
16          the Council shall receive no additional compensation by  
17          reason of their service on the Council.

18          (e) CHAIRPERSON.—The Administrator shall serve as  
19          the Chairperson of the Council.

20          (f) STAFF.—

21                (1) FEMA.—Upon the request of the Council,  
22                the Administrator may detail, on a nonreimbursable  
23                basis, personnel of the Federal Emergency Manage-  
24                ment Agency to assist the Council in carrying out its  
25                duties.

1           (2) OTHER FEDERAL AGENCIES.—Upon request  
2           of the Council, any other Federal agency that is a  
3           member of the Council may detail, on a non-reim-  
4           bursable basis, personnel to assist the Council in  
5           carrying out its duties.

6           (g) POWERS.—In carrying out this section, the Coun-  
7           cil may hold hearings, receive evidence and assistance, pro-  
8           vide information, and conduct research, as the Council  
9           considers appropriate.

10          (h) TERMINATION.—The Council shall terminate  
11          upon the expiration of the 5-year period beginning on the  
12          date of the enactment of this Act.

13       **SEC. 7. FEMA INCORPORATION OF NEW MAPPING PROTO-**  
14                               **COLS.**

15          (a) NEW RATE MAPPING STANDARDS.—Not later  
16          than the expiration of the 6-month period beginning upon  
17          submission by the Technical Mapping Advisory Council  
18          under section 6 of the proposed new mapping standards  
19          for flood insurance rate maps used under the national  
20          flood insurance program developed by the Council pursu-  
21          ant to section 6(c), the Administrator of the Federal  
22          Emergency Management Agency (in this section referred  
23          to as the “Administrator”) shall establish new standards  
24          for such rate maps based on such proposed new standards  
25          and the recommendations of the Council.

1       (b) REQUIREMENTS.—The new standards for flood  
2 insurance rate maps established by the Administrator pur-  
3 suant to subsection (a) shall—

4           (1) delineate and include in any such rate  
5 maps—

6               (A) all areas located within the 100-year  
7 flood plain;

8               (B) all areas located within the 250-year  
9 floodplain;

10              (C) areas of residual risk, including areas  
11 behind levees, dams, and other man-made struc-  
12 tures; and

13              (D) areas subject to graduated and other  
14 risk levels, to the maximum extent possible;

15           (2) ensure that any such rate maps—

16               (A) include levees, including decertified lev-  
17 ees, and the level of protection they confer;

18               (B) reflect current land use and topog-  
19 raphy and incorporate the most current and ac-  
20 curate ground level data;

21               (C) take into consideration the impacts  
22 and use of fill and the flood risks associated  
23 with altered hydrology;

1           (D) identify and incorporate natural fea-  
2           tures and their associated flood protection bene-  
3           fits into mapping and rates; and

4           (E) identify, analyze, and incorporate the  
5           impact of significant changes to building and  
6           development throughout any river or costal  
7           water system, including all tributaries, which  
8           may impact flooding in areas downstream; and

9           (3) provide that such rate maps are developed  
10          on a watershed basis.

11          (c) REPORT.—If, in establishing new standards for  
12 flood insurance rate maps pursuant to subsection (a) of  
13 this section, the Administrator does not implement all of  
14 the recommendations of the Council made under the pro-  
15 posed new mapping standards developed by the Council  
16 pursuant to section 6(c), upon establishment of the new  
17 standards the Administrator shall submit a report to the  
18 Committee on Financial Services of the House of Rep-  
19 resentatives and the Committee on Banking, Housing, and  
20 Urban Affairs of the Senate specifying which such rec-  
21 ommendations were not adopted and explaining the rea-  
22 sons such recommendations were not adopted.

23          (d) IMPLEMENTATION.—The Administrator shall, not  
24 later than the expiration of the 6-month period beginning  
25 upon establishment of the new standards for flood insur-

1   ance rate maps pursuant to subsection (a) of this section,  
2   commence use of the new standards and updating of flood  
3   insurance rate maps in accordance with the new stand-  
4   ards. Not later than the expiration of the 5-year period  
5   beginning upon the establishment of such new standards,  
6   the Administrator shall complete updating of all flood in-  
7   surance rate maps in accordance with the new standards,  
8   subject to the availability of sufficient amounts for such  
9   activities provided in appropriation Acts.

10   **SEC. 8. PRIVATIZATION INITIATIVES.**

11       (a) **FEMA AND GAO REPORTS.**—Not later than the  
12   expiration of the 18-month period beginning on the date  
13   of the enactment of this Act, the Administrator of the  
14   Federal Emergency Management Agency and the Comp-  
15   troller General of the United States shall each conduct a  
16   separate study to assess a broad range of options, meth-  
17   ods, and strategies for privatizing the national flood insur-  
18   ance program and shall each submit a report to the Com-  
19   mittee on Financial Services of the House of Representa-  
20   tives and the Committee on Banking, Housing, and Urban  
21   Affairs of the Senate with recommendations for the best  
22   manner to accomplish such privatization.

23       (b) **PRIVATE RISK-MANAGEMENT INITIATIVES.**—

24           (1) **AUTHORITY.**—The Administrator of the  
25   Federal Emergency Management Agency may carry



1 out such private risk-management initiatives under  
2 the national flood insurance program as the Admin-  
3 istrator considers appropriate to determine the ca-  
4 pacity of private insurers, reinsurers, and financial  
5 markets to assist communities, on a voluntary basis  
6 only, in managing the full range of financial risks  
7 associated with flooding.

8 (2) ASSESSMENT.—Not later than the expira-  
9 tion of the 6-month period beginning on the date of  
10 the enactment of this Act, the Administrator shall  
11 assess the capacity of the private reinsurance, cap-  
12 ital, and financial markets by seeking proposals to  
13 assume a portion of the program’s insurance risk  
14 and submit to the Congress a report describing the  
15 response to such request for proposals and the re-  
16 sults of such assessment.

17 (c) REINSURANCE.—The National Flood Insurance  
18 Act of 1968 is amended—

19 (1) in section 1331(a)(2) (42 U.S.C.  
20 4051(a)(2)), by inserting “, including as reinsurance  
21 of insurance coverage provided by the flood insur-  
22 ance program” before “, on such terms”;

23 (2) in section 1332(c)(2) (42 U.S.C.  
24 4052(c)(2)), by inserting “or reinsurance” after  
25 “flood insurance coverage”;

1 (3) in section 1335(a) (42 U.S.C. 4055(a))—

2 (A) by inserting “(1)” after “(a)”; and

3 (B) by adding at the end the following new  
4 paragraph:

5 “(2) The Director is authorized to secure reinsurance  
6 coverage of coverage provided by the flood insurance pro-  
7 gram from private market insurance, reinsurance, and  
8 capital market sources at rates and on terms determined  
9 by the Director to be reasonable and appropriate in an  
10 amount sufficient to maintain the ability of the program  
11 to pay claims and that minimizes the likelihood that the  
12 program will utilize the borrowing authority provided  
13 under section 1309.”;

14 (4) in section 1346(a) (12 U.S.C. 4082(a))—

15 (A) in the matter preceding paragraph (1),  
16 by inserting “, or for purposes of securing rein-  
17 surance of insurance coverage provided by the  
18 program,” before “of any or all of”;

19 (B) in paragraph (1)—

20 (i) by striking “estimating” and in-  
21 serting “Estimating”; and

22 (ii) by striking the semicolon at the  
23 end and inserting a period;

24 (C) in paragraph (2)—

1 (i) by striking “receiving” and insert-  
2 ing “Receiving”; and

3 (ii) by striking the semicolon at the  
4 end and inserting a period;

5 (D) in paragraph (3)—

6 (i) by striking “making” and inserting  
7 “Making”; and

8 (ii) by striking “; and” and inserting  
9 a period;

10 (E) in paragraph (4)—

11 (i) by striking “otherwise” and insert-  
12 ing “Otherwise”; and

13 (ii) by redesignating such paragraph  
14 as paragraph (5); and

15 (F) by inserting after paragraph (3) the  
16 following new paragraph:

17 “(4) Placing reinsurance coverage on insurance  
18 provided by such program.”; and

19 (5) in section 1370(a)(3) (42 U.S.C.  
20 4121(a)(3)), by inserting before the semicolon at the  
21 end the following: “, is subject to the reporting re-  
22 quirements of the Securities Exchange Act of 1934,  
23 pursuant to section 13(a) or 15(d) of such Act (15  
24 U.S.C. 78m(a), 78o(d)), or is authorized by the Di-

1       rector to assume reinsurance on risks insured by the  
2       flood insurance program”.

3   **SEC. 9. FEMA ANNUAL REPORT ON INSURANCE PROGRAM.**

4       Section 1320 of the National Flood Insurance Act of  
5   1968 (42 U.S.C. 4027) is amended—

6           (1) in the section heading, by striking “REPORT  
7       TO THE PRESIDENT” and inserting “ANNUAL RE-  
8       PORT TO CONGRESS”;

9           (2) in subsection (a)—

10               (A) by striking “biennially”;

11               (B) by striking “the President for submis-  
12       sion to”; and

13               (C) by inserting “not later than June 30  
14       of each year” before the period at the end;

15           (3) in subsection (b), by striking “biennial” and  
16       inserting “annual”; and

17           (4) by adding at the end the following new sub-  
18       section:

19       “(c) **FINANCIAL STATUS OF PROGRAM.**—The report  
20   under this section for each year shall include information  
21   regarding the financial status of the national flood insur-  
22   ance program under this title, including a description of  
23   the financial status of the National Flood Insurance Fund  
24   and current and projected levels of claims, premium re-  
25   ceipts, expenses, and borrowing under the program.”.

1 **SEC. 10. MITIGATION ASSISTANCE.**

2 Subsection (e) of section 1366 of the National Flood  
3 Insurance Act of 1968 (42 U.S.C. 4104c(e)) is amended  
4 by adding at the end the following new paragraph:

5 “(6) ELIGIBILITY OF DEMOLITION AND RE-  
6 BUILDING OF PROPERTIES.—The Administrator  
7 shall consider as an eligible activity the demolition  
8 and rebuilding of properties to at least base flood  
9 levels or higher, if required by the Administrator or  
10 if required by any State or local ordinance, and in  
11 accordance with project implementation criteria es-  
12 tablished by the Administrator.”.

13 **SEC. 11. TECHNICAL CORRECTIONS.**

14 (a) FLOOD DISASTER PROTECTION ACT OF 1973.—  
15 The Flood Disaster Protection Act of 1973 (42 U.S.C.  
16 4002 et seq.) is amended—

17 (1) by striking “Director” each place such term  
18 appears, except in section 102(f)(3) (42 U.S.C.  
19 4012a(f)(3)), and inserting “Administrator”; and

20 (2) in section 201(b) (42 U.S.C. 4105(b)), by  
21 striking “Director’s” and inserting “Administra-  
22 tor’s”.

23 (b) NATIONAL FLOOD INSURANCE ACT OF 1968.—  
24 The National Flood Insurance Act of 1968 (42 U.S.C.  
25 4001 et seq.) is amended—

1 (1) by striking “Director” each place such term  
 2 appears and inserting “Administrator”; and

3 (2) in sections 1363 (42 U.S.C. 4104), by strik-  
 4 ing “Director’s” each place such term appears and  
 5 inserting “Administrator’s”.

6 (c) FEDERAL FLOOD INSURANCE ACT OF 1956.—  
 7 Section 15(e) of the Federal Flood Insurance Act of 1956  
 8 (42 U.S.C. 2414(e)) is amended by striking “Director”  
 9 each place such term appears and inserting “Adminis-  
 10 trator”.

11 **SEC. 12. COMMUNITY BUILDING CODE ADMINISTRATION**  
 12 **GRANTS.**

13 Section 105(a) of the Housing and Community De-  
 14 velopment Act of 1974 (42 U.S.C. 5305(a)) is amended—

15 (1) in paragraph (24), by striking “and” at the  
 16 end;

17 (2) in paragraph (25), by striking the period at  
 18 the end and inserting “; and”; and

19 (3) by adding at the end the following new  
 20 paragraph:

21 “(26) to supplement existing State or local  
 22 funding for administration of building code enforce-  
 23 ment by local building code enforcement depart-  
 24 ments, including for increasing staffing, providing  
 25 staff training, increasing staff competence and pro-

1        fessional qualifications, and supporting individual  
2        certification or departmental accreditation, and for  
3        capital expenditures specifically dedicated to the ad-  
4        ministration of the building code enforcement de-  
5        partment, except that, to be eligible to use amounts  
6        as provided in this paragraph—

7                “(A) a building code enforcement depart-  
8                ment shall provide matching, non-Federal funds  
9                to be used in conjunction with amounts used  
10              under this paragraph in an amount—

11                    “(i) in the case of a building code en-  
12                    forcement department serving an area with  
13                    a population of more than 50,000, equal to  
14                    not less than 50 percent of the total  
15                    amount of any funds made available under  
16                    this title that are used under this para-  
17                    graph;

18                    “(ii) in the case of a building code en-  
19                    forcement department serving an area with  
20                    a population of between 20,001 and  
21                    50,000, equal to not less than 25 percent  
22                    of the total amount of any funds made  
23                    available under this title that are used  
24                    under this paragraph; and

1           “(iii) in the case of a building code  
2           enforcement department serving an area  
3           with a population of less than 20,000,  
4           equal to not less than 12.5 percent of the  
5           total amount of any funds made available  
6           under this title that are used under this  
7           paragraph;

8           except that the Secretary may waive the match-  
9           ing fund requirements under this subparagraph,  
10          in whole or in part, based upon the level of eco-  
11          nomic distress of the jurisdiction in which is lo-  
12          cated the local building code enforcement de-  
13          partment that is using amounts for purposes  
14          under this paragraph, and shall waive such  
15          matching fund requirements in whole for any  
16          recipient jurisdiction that has dedicated all  
17          building code permitting fees to the conduct of  
18          local building code enforcement; and

19          “(B) any building code enforcement de-  
20          partment using funds made available under this  
21          title for purposes under this paragraph shall  
22          empanel a code administration and enforcement  
23          team consisting of at least 1 full-time building



- 1 code enforcement officer, a city planner, and a
- 2 health planner or similar officer.”.

○